



**Press Release**  
**Madhusudan Agrawal Project Private Limited**  
**August 11, 2023**

**Rating Assigned and Reaffirmed**

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	15.00	ACUITE BBB-   Stable   Assigned	-
Bank Loan Ratings	12.00	ACUITE BBB-   Stable   Reaffirmed	-
Bank Loan Ratings	5.00	-	ACUITE A3   Assigned
Bank Loan Ratings	33.00	-	ACUITE A3   Reaffirmed
<b>Total Outstanding Quantum (Rs. Cr)</b>	<b>65.00</b>	<b>-</b>	<b>-</b>

**Rating Rationale**

Acuite has reaffirmed its long-term rating of '**ACUITE BBB-**' (read as **ACUITE triple B minus**) and the short-term rating of '**ACUITE A3**' (read as **ACUITE A three**) on the Rs.45.00 Cr bank facilities of Madhusudan Agrawal Project Private Limited (MAPPL). The outlook remains '**Stable**'.

Further, Acuite has assigned its long-term rating of '**ACUITE BBB-**' (read as **ACUITE triple B minus**) and the short-term rating of '**ACUITE A3**' (read as **ACUITE A three**) on the Rs.20.00 Cr bank facilities of Madhusudan Agrawal Project Private Limited (MAPPL). The outlook is '**Stable**'.

**Rationale for reaffirmation of the rating**

The rating reaffirmation reflects the stable business risk profile of MAPPL marked by steadily rising scale of operations and comfortable profitability margins. The company has achieved revenues of Rs.158.49 Cr in FY2023 (Provisional) as compared to revenues of Rs.102.02 Cr in FY2022 and Rs.78.69 Cr in FY2021. The rating also favourably factors in the comfortable order book position of Rs.577.15 Cr as on June, 2023 and the reputed clientele base comprising of Indian Railways, MRIDC and HPCL. The rating further considers the experienced management and the long standing operations of the company. These strengths are, however, partly offset by the moderate financial risk profile and the working capital intensive nature of operations of the company.

**About the Company**

Incorporated in 1989, Madhusudan Agrawal Project Private Limited (MAPPL), was erstwhile a proprietorship firm and later reconstituted as a private limited company in 2021. Based in Chhattisgarh, MAPPL is headed by Mr. Madhusudan Agrawal along with the other promoters Mr. Devesh Agrawal and Mr. Dakshesh Agrawal. The company is engaged in civil construction projects for roads, railway stations, buildings and related ancillary works. It undertakes construction works for Indian Railways, MRIDC and HPCL.

**Analytical Approach**

Acuite has considered the standalone financial and business risk profile of Madhusudan Agrawal Project Private Limited (MAPPL).

## Key Rating Drivers

### Strengths

#### **Established track record of operations aided by experienced management**

MAPPL has been in operations for more than two decades and has established healthy relationships with the clientele namely, Indian Railways, MRIDC and HPCL. The company's growth is aided by the industry experience of Mr. Madhusudan Agrawal along with the other promoters Mr. Devesh Agrawal and Mr. Dakshesh Agrawal. Acuité believes that the long standing operations and the vintage of the promoters coupled with healthy relations with the clientele will continue to benefit the company going forward.

#### **Steady business risk profile supported by comfortable orderbook position**

The company has witnessed steady rise in the scale of operations and has achieved revenues of Rs.158.49 Cr in FY2023 (Provisional) as compared to revenues of Rs.102.02 Cr in FY2022 and Rs.78.69 Cr in FY2021. The rise in the operating income is supported by increase in the order book size and timely execution of it. Moreover, MAPPL has achieved revenues of Rs.65.60 Cr in Q1 of FY2024 (Provisional). The company has an unexecuted order book position of Rs. 577.15 Cr as on June, 2023. Out of this, orders of Rs.450.80 Cr are to be executed in the next 12 to 24 months and the orders of Rs.126.35 Cr are to be executed in the next 24 to 36 months providing revenue visibility over the medium term.

Moreover, the EBITDA of the company increased to 11.93 Cr in FY2023 (Provisional) from 7.88 Cr in FY2022. The operating margin stood at 7.53 per cent in FY2023 (Provisional) as compared to 7.73 per cent in FY2022 due to rise in the raw material costs. The PAT margin rose to 3.84 per cent in FY2023 (Provisional) against 3.79 per cent in FY2022.

Acuite believes that, the business risk profile is likely to remain steady over the medium term supported by the comfortable revenue visibility from the order book position and the repetitive orders from the reputed clientele base.

#### **Strong Clientele base with diversified geographical presence**

The company has a strong and reputed clientele base namely, Indian Railways (primarily the South East Central Railway division), MRIDC and HPCL. The presence of the government clientele keeps the counterparty default risk lower. Moreover, the company has established a diversified presence with operations in Chhattisgarh, Madhya Pradesh and Maharashtra.

### Weaknesses

#### **Moderate financial risk profile**

The moderate financial risk profile of the company is marked by low but improving net worth, moderate gearing and comfortable debt protection metrics. The tangible net worth of the company increased to Rs.18.84 Cr as on March 31, 2023 (Provisional) from Rs.11.90 Cr as on March 31, 2022 due to accretion of profits to the reserves. Acuité has considered unsecured loans of Rs.1.90 Cr as on March 31, 2023, as quasi-equity as the management has undertaken to maintain the amount in the business over the medium term. Gearing of the company stood moderate at 1.42 times as on March 31, 2023 (provisional) as against 1.55 times as on March 31, 2022, whereas, Total Outside Liabilities/Tangible Net Worth (TOL/TNW) stood at a moderate level of 2.40 times as on March 31, 2023 (Provisional) as against 3.10 times as on March 31, 2022. The comfortable debt protection metrics is marked by Interest Coverage Ratio at 5.25 times and Debt Service Coverage Ratio at 2.05 times as on March 31, 2023 (Provisional). Net Cash Accruals/Total Debt (NCA/TD) stood low at 0.30 times as on March 31, 2023 (Provisional).

Acuité believes that going forward the financial risk profile is likely to remain moderate over the medium term, in the absence of any major debt funded capex plans.

#### **Working capital intensive nature of operations**

The company's intensive working capital management is marked by Gross Current Assets (GCA) of 113 days as on 31st March, 2023 (Provisional) as compared to 135 days as on 31st March, 2022. The GCA days are moderately high on account of high current assets to the tune of Rs.29.35 Cr in FY2023 (Provisional) majorly comprising of security deposits with

government authorities of around Rs.13.14 Cr and balance with JV firms amounting to Rs.6.92 Cr over the same period. However, the inventory holding stood comfortable at 45 days as on 31st March, 2023 (Provisional) as compared to 40 days as on 31st March, 2022 owing to easy availability of the raw materials. The debtor period stood low at 1 day as on 31st March 2023 (Provisional) as compared to 14 days as on 31st March 2022 due to the swift billing procedure. Acuité believes that the working capital operations of the company may continue to remain around the similar levels as evident from the moderate inventory levels and the high current assets due to the nature of the business.

### **Rating Sensitivities**

- Increase in the scale of operations while improving profitability margins
- Reduction in order flow
- Improvement in the financial risk profile

### **Material covenants**

None

### **Liquidity Position: Adequate**

The company's liquidity position is adequate marked by steady net cash accruals of Rs.8.01 Cr as on March 31, 2023 (Provisional) against long term debt repayment of only Rs.2.73 Cr over the same period. The fund based bank limit utilisation stood moderate at 52 per cent for the last six months ended June, 2023. The current ratio stood comfortable at 1.51 times as on March 31, 2023 (Provisional) as compared to 1.24 times as on March 31, 2022. The cash and bank balances of the company stood at Rs.0.87 Cr as on March 31, 2023 (Provisional). However, the working capital cycle of the company is intensive in nature marked by Gross Current Assets (GCA) of 113 days as on 31st March, 2023 (Provisional) as compared to 135 days as on 31st March, 2022.

Acuité believes that, going forward, the liquidity position will continue to remain adequate over the medium term backed by steady accruals.

### **Outlook: Stable**

Acuité believes that the outlook on Madhusudan Agrawal Project Private Limited (MAPPL) will remain 'Stable' over the medium term on account of the experienced management, comfortable order book position and steady business risk profile. The outlook may be revised to 'Positive' in case of significant growth in revenue and operating margins from the current levels along with significant improvement in the financial risk profile and improvement in the working capital cycle. Conversely, the outlook may be revised to 'Negative' in case of a decline in revenue or operating margins, deterioration in financial risk profile or further elongation in its working capital cycle.

### **Other Factors affecting Rating**

None

## Key Financials

Particulars	Unit	FY 23 (Provisional)	FY 22 (Actual)
Operating Income	Rs. Cr.	158.49	102.02
PAT	Rs. Cr.	6.09	3.87
PAT Margin	(%)	3.84	3.79
Total Debt/Tangible Net Worth	Times	1.42	1.55
PBDIT/Interest	Times	5.25	5.79

### Status of non-cooperation with previous CRA (if applicable)

CARE, vide its press release dated December 21, 2022 had denoted the rating of Madhusudan Agrawal Project Private Limited as 'CARE B/Stable/A4; ISSUER NOT COOPERATING'.

### Any other information

Not Applicable

### Applicable Criteria

- Default Recognition :- <https://www.acuite.in/view-rating-criteria-52.htm>
- Infrastructure Sector: <https://www.acuite.in/view-rating-criteria-51.htm>
- Application Of Financial Ratios And Adjustments: <https://www.acuite.in/view-rating-criteria-53.htm>

### Note on complexity levels of the rated instrument

In order to inform the investors about complexity of instruments, Acuite has categorized such instruments in three levels: Simple, Complex and Highly Complex. Acuite's categorisation of the instruments across the three categories is based on factors like variability of the returns to the investors, uncertainty in cash flow patterns, number of counterparties and general understanding of the instrument by the market. It has to be understood that complexity is different from credit risk and even an instrument categorized as 'Simple' can carry high levels of risk. For more details, please refer Rating Criteria "Complexity Level Of Financial Instruments" on [www.acuite.in](http://www.acuite.in).

## Rating History

Date	Name of Instruments/Facilities	Term	Amount (Rs. Cr)	Rating/Outlook
06 Jun 2022	Cash Credit	Long Term	7.00	ACUITE BBB-   Stable (Assigned)
	Secured Overdraft	Long Term	5.00	ACUITE BBB-   Stable (Assigned)
	Bank Guarantee	Short Term	18.00	ACUITE A3 (Assigned)
	Bank Guarantee	Short Term	15.00	ACUITE A3 (Assigned)

## Annexure - Details of instruments rated

Lender's Name	ISIN	Facilities	Date Of Issuance	Coupon Rate	Maturity Date	Complexity Level	Quantum (Rs. Cr.)	Rating
Punjab and Sind Bank	Not Applicable	Bank Guarantee (BLR)	Not Applicable	Not Applicable	Not Applicable	Simple	15.00	ACUITE A3   Reaffirmed
A U Small Finance Bank	Not Applicable	Bank Guarantee (BLR)	Not Applicable	Not Applicable	Not Applicable	Simple	18.00	ACUITE A3   Reaffirmed
Punjab and Sind Bank	Not Applicable	Bank Guarantee (BLR)	Not Applicable	Not Applicable	Not Applicable	Simple	5.00	ACUITE A3   Assigned
A U Small Finance Bank	Not Applicable	Cash Credit	Not Applicable	Not Applicable	Not Applicable	Simple	7.00	ACUITE BBB-   Stable   Reaffirmed
A U Small Finance Bank	Not Applicable	Cash Credit	Not Applicable	Not Applicable	Not Applicable	Simple	6.00	ACUITE BBB-   Stable   Assigned
Punjab and Sind Bank	Not Applicable	Covid Emergency Line.	Not Applicable	Not Applicable	Not Applicable	Simple	1.15	ACUITE BBB-   Stable   Assigned
A U Small Finance Bank	Not Applicable	Covid Emergency Line.	Not Applicable	Not Applicable	Not Applicable	Simple	5.60	ACUITE BBB-   Stable   Assigned
Not Applicable	Not Applicable	Proposed Long Term Bank Facility	Not Applicable	Not Applicable	Not Applicable	Simple	2.25	ACUITE BBB-   Stable   Assigned
Punjab and Sind Bank	Not Applicable	Secured Overdraft	Not Applicable	Not Applicable	Not Applicable	Simple	5.00	ACUITE BBB-   Stable   Reaffirmed

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### About Acuité Ratings & Research

Acuité is a full-service Credit Rating Agency registered with the Securities & Exchange Board of India (SEBI). The company received RBI Accreditation as an External Credit Assessment Institution (ECAI) for Bank Loan Ratings under BASEL-II norms in the year 2012. Acuité has assigned ratings to various securities, debt instruments and bank facilities of entities spread across the country and across a wide cross section of industries. It has its Registered and Head Office in Kanjurmarg, Mumbai.

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